

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL

In the Matter of)
)
Request for Review)
of the Decision of the)
Universal Service Administrator by)
MasterMind Internet Services, Inc.)

CC Docket No. 96-45

CC Docket No. 97-21

RECEIVED

DEC 16 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REQUEST FOR REVIEW

MasterMind Internet Services, Inc. ("MasterMind") submits its Request for Review of the Decision of the Universal Service Administrator ("Request for Review"), seeking review of the decisions of the School and Libraries Division ("SLD") of the Universal Service Administrative Company ("Administrator") to deny the applications of school districts in the State of Oklahoma for discounts for Internet and non-telecommunications services under 149 contracts with MasterMind.

A. Statement of Interest

1. MasterMind provides Internet and non-telecommunications services to various school districts in the State of Oklahoma. For the past three years, MasterMind has provided eligible internet and non-telecommunications services to school districts participating in the Schools and Libraries Universal Service Program established as part of the Federal Telecommunications Act of 1996 to provide affordable access to telecommunications services for eligible schools and libraries. MasterMind was the contracted service provider for over 300

school districts that had applied with the SLD for supported eligible services. SLD denied funding for 149 applications of these school districts which allegedly violated the “intent of the bidding process,” apparently because Chris Webber, an employee of MasterMind, was listed as the contact person by these school districts on the bidding documents submitted in the funding process. In support of this Request for Review, MasterMind submits the affidavit of Chris Webber, attached as Exhibit A (“Webber Affidavit”). A list of the impacted school districts (“School Districts”) is attached as Exhibit A-1 to the Webber Affidavit.¹ MasterMind challenges the SLD’s denial of such funding on the 149 applications pursuant to 47 C.F.R. §§ 54.719 and 54.722, and respectfully requests appropriate relief from the Federal Communications Commission (“FCC”) to overturn the decision of the SLD.

B. Statement of Material Facts

1. Chris Webber is the director of E-Rate Services for MasterMind. Webber Affidavit, para. 1.

2. MasterMind has provided for the past three years Internet and non-telecommunications services to numerous school districts in the State of Oklahoma under the universal service program of the Federal Telecommunications Act. Webber Affidavit, para. 2.

3. Starting on December 1st, 1998 and ending on March 9th, 1999, MasterMind assisted the School Districts listed on Exhibit A-1 to the Webber Affidavit in their filing of FCC

¹Exhibit A-1 sets forth the school districts which were denied funding by the SLD on 149 contracts with MasterMind pursuant to notices issued on or about November 16, 1999. MasterMind has previously filed an appeal concerning school districts which were denied funding by the SLD on 116 contracts pursuant to notices issued on or about October 26, 1999.

“Form 470” with the SLD. Chris Webber was listed as a contact person on the Form 470s. Webber Affidavit, para. 3.

4. At no time did anyone at MasterMind either sign the Form 470 or complete the Form 470 for the School Districts listed on Exhibit A-1 of the Webber Affidavit. Webber Affidavit, para. 4.

5. In January of 1999, after the Form 470s were filed by the School Districts, SLD sent to the School Districts a “Receipt Acknowledgement Letter” that stated among other things, that the SLD had received “your properly completed FCC Form 470.” A sample letter received by all of the School Districts from the SLD is attached to the Webber Affidavit as Exhibit A-2. Webber Affidavit, para. 5.

6. Between April 1st and April 6th, 1999, MasterMind entered into approximately 300 contracts with school districts in the State of Oklahoma, including the School Districts listed on Exhibit A-1 to the Webber Affidavit, to provide E-rate eligible telecommunication and non-telecommunication services and products. Webber Affidavit, para. 6.

7. Upon execution of the contracts with MasterMind, the School Districts submitted to the SLD the FCC “Form 471” for approval of the funding for eligible services provided by MasterMind. The deadline for submitting the Form 471s to the SLD was April 6, 1999. Webber Affidavit, para. 7.

8. At no time did anyone at MasterMind either sign the Form 471, or complete the Form 471 for the School Districts. Webber Affidavit, para. 8.

9. On November 16, 1999, SLD notified the School Districts that the 149 applications for the funding of discounted eligible services provided by MasterMind had been

denied for the stated reason: "The circumstances surrounding the filing of form 470 violated the intent of the competitive bidding process." A sample copy of the denial notice sent to all of the School Districts is attached as Exhibit A-3 to the Webber Affidavit. Webber Affidavit, para. 9.

10. Based upon a conversation between Chris Webber and David Gorbanoff of the program integrity team of SLD, in early September, 1999, Chris Webber was led to believe that the reason for the denial of funding was because his name was listed as a contact person on the Form 470. Webber Affidavit, para. 10.

11. On September 16th through September 17th, 1999, Chris Webber attended a vendor training session sponsored by SLD in Chicago, Illinois. At this training session, he received a draft SLD publication entitled "Form 470 Pitfalls." A copy of this draft publication is attached as Exhibit A-4 to the Webber Affidavit. Webber Affidavit, para. 11.

12. On November 11, 1999, SLD posted on its web site a document entitled "Pitfalls to Avoid When Filing the Form 470." Webber Affidavit, para. 12.

13. Further clarification of SLD's position was provided by Kate Moore, President of the Schools and Libraries Division, and Ellen Wolfhagen, General Counsel of the Schools and Libraries Division on November 19th, 1999 in a meeting in Washington, D.C. with Senator Jim Inhofe's office, a summary of which is attached as Exhibit A-5 to the Webber Affidavit. Webber Affidavit, para. 13.

14. MasterMind did not have a pre-existing contractual relationship with all of the School Districts. Webber Affidavit, para. 14.

15. MasterMind is not seeking a review of the applications in which it signed any Form 470s. Webber Affidavit, para. 15.

16. MasterMind did not provide identical requests for proposal documents. Webber Affidavit, para. 16.

17. MasterMind was never informed by SLD of any of the alleged problems with the submitted Form 470s as set forth in Exhibit A-5. Webber Affidavit, para. 17.

18. At no time during the bidding process was a vendor denied a request for proposal (“RFP”) or any other requested information or access to any of the School Districts. Webber Affidavit, para. 18.

C. Question Presented for Review

1. The SLD denied 149 applications of the School Districts alleging only that the “intent” of the competitive bidding process was violated. MasterMind submits that the funding denial is arbitrary and not supported by any statute or FCC rule, or even any publication or SLD policy. Even if one could understand how violating the intent of the bidding process justified SLD’s action, the uncontroverted facts are that the bidding process was complied with.

2. The competitive bidding requirements of the universal service program are set out in 47 C.F.R. § 54.504. Section 54.504 requires school districts to seek competitive bids for the supported services in the application process for funding commitments. The first step in the application process is for the school district to file “Form 470” with the SLD. Form 470 provides general information on the telecommunications services, internet services, and internal connections that an applicant is seeking to purchase. These applications are posted on the SLD Web Site for at least 28 days, during which time potential service providers can search and review them.

3. The Form 470 summarizes the services and products a school district has determined it may want to acquire, and is basically an advertisement for the applicant's technology procurement needs. The Form 470 also provides information about the school district such as a contact name, address and phone number; the type of applicant, either school, library, library consortium, or consortium of multiple entities; size of applicant's student body or library patron population; number of buildings to be served; and whether the applicant plans to make future purchases beyond those outlined in the form.

4. Once a potential provider identifies a school district as a potential customer and wants to bid on the services or products requested, the provider can contact the school district for further information and an RFP, if one had been prepared by the school district. While an RFP is not mandatory, if one is prepared, it must be provided upon request. The provider may submit a bid, and if the bid is accepted (following the 28-day bidding period), the applicant school district and the provider can contract for specific services. Upon the signing of a contract for eligible services, the school district submits a completed "Form 471" to SLD, who will then issue a commitment of support for the funding of the eligible service.

5. In this instance, MasterMind assisted the School Districts in the application process. Each School District stated in its Form 470 that a potential provider could contact the School District directly, or "Chris Webber." Chris Webber is an employee of MasterMind. No FCC rule prohibits an employee of MasterMind from being listed as a contact person, nor does Form 470 indicate otherwise. Form 470 only requires the names of persons who can answer questions about the application. Chris Webber was a person who could answer any questions. Webber Affidavit, para. 3.

6. During the bidding period, no potential bidder was denied a request for proposal of the School Districts, or any other information requested, or denied access to the School Districts. Webber Affidavit, para. 18. MasterMind was the successful bidder and entered into 149 contracts with the School Districts. These School Districts submitted the Form 471 to the SLD for funding commitments. SLD has subsequently issued its funding commitment reports denying the 149 applications which listed Chris Webber as a contact person, for the stated reason of "Bidding Violation." The stated explanation for the denial was "The circumstances surrounding the filing of the Form 470 associated with this funding request violated the intent of the bidding process" (emphasis added).

7. The requirements for the competitive bidding process are very simple; the school district's Form 470 is posted by the SLD on its web site, any requests for proposals prepared by the school district are made available to an inquiring vendor, and the school district carefully considers all bids submitted. Posting on the SLD web site meets the goal of competitive bidding process because it gives school districts wide access to all competing providers. Recent FCC decisions have stated that as long as new competitors have the opportunity to view and respond to Form 470 postings, and the school district considers all bonafide offers, the competitive bidding rules have been satisfied. In this instance, the Form 470s were properly posted, potential providers had ample opportunity to view and respond to postings, and all bonafide offers were considered -- and SLD has never claimed to the contrary. *See Order, In the Matter of Request for Review of the Decision of the Universal Service Administrator by Objective Communications, Inc., Federal-State Joint Board on Universal Service, File No. SLD-1143454, CC Docket No. 96-45, 1999 WL 993503 (rel. Nov. 2, 1999); Order, In the Matter of Federal-*

State Joint Board on Universal Service, CC Docket 96-45, 1999 WL 680424 (rel. Sept. 1, 1999).

The competitive bidding process was fully complied with.

8. The stated reason for denial of funding commitments was that the bidding process conducted by the School Districts violated the “intent” of the competitive bidding standards. The example cited by SLD to MasterMind was that it was improper for the applications to list Chris Webber, an employee of MasterMind, as a contact person. See Webber Affidavit, para. 10. This vague and unsubstantiated rationale is completely arbitrary and unsupported by any FCC rule, and, unfortunately has placed in jeopardy the ability of the School Districts to utilize the benefits of this program. No FCC rule, or even an SLD publication (either at the time or now), prohibits the manner in which the applications were completed. In fact, listing prior service providers as contact persons for new applications is common practice. This situation is further exacerbated by the nature of the violation, Mr. Webber’s name appearing on the various forms. This incident was, at most, a simple clerical mistake that could have been avoided or corrected if the School Districts had known of such a requirement. Unfortunately, this supposed requirement was never disclosed by the SLD prior to the School Districts filing the Form 470s.

9. It appears that the SLD is in the process of developing new policy on this issue. This is apparent from a SLD publication which was disseminated to vendors at an SLD-sponsored vendor training session in Chicago on September 16-17, 1999, entitled “Form 470 Pitfalls.” See Webber Affidavit, para. 11. This publication, however, was still in draft form and stated only that “forms signed by vendors’ representatives will be rejected.” It does not prohibit the listing of an employee of a vendor representative as a contact person. More importantly, this draft policy was developed after the forms had been submitted to the SLD by the School

Districts. Further, on November 11, 1999, the SLD inserted on its web site a similar publication entitled "Pitfalls to Avoid When Filing the Form 470." See Webber Affidavit, para. 12. This publication is different than the September 16-17, 1999, draft, and states that "forms completed by vendor representatives will be rejected." It appears that MasterMind has been profiled as a test case for SLD's still-evolving policy.

10. The School Districts could not have been aware of this change in policy when the applications were filed, and cannot be held to the policy's new "requirement." See Order, In the Matter for Request of Review of the Decision of the Universal Service Administrator by Williamsburg-James City County Public Schools, Williamsburg, Virginia, File No. SLD-90495, CC Docket No. 96-45, 1999 WL 824713 (rel. Oct. 15, 1999); Order, In the Matter of Request for Review of the Decision of the Universal Service Administrator by Prairie City School District Prairie City, Oregon, File No. SLD-10577, CC Docket No. 96-45, 1999 WL 1005053 (rel. Nov. 5, 1999). In any event, MasterMind neither signed the forms nor completed the forms, as this was done in all occasions by the representative of each respective school district. See Webber Affidavit, paras. 4 and 8.

11. On January 25, 1999, the SLD issued letters to the affected School Districts informing the School Districts that it had received "properly completed FCC Form 470." See Webber Affidavit, para. 5. On its face, this admission by SLD is contrary to its denial of funding. The only rational explanation is that at the time the Form 470s were submitted, the bidding process had been complied with. If SLD had informed the School Districts at this time that the applications had not been properly completed because Chris Webber was listed as a contact person, the applications could have been corrected and resubmitted. The School Districts

have been denied this opportunity. See Order, In the Matter of Request for Review of the Decision of the Universal Service Administrator by Be'er Hagolah Institutes Brooklyn, New York, File No. SLD-108710, CC Docket No. 96-45, 1999 WL 969855 (rel. Oct. 25, 1999).

12. On November 19, 1999, representatives of SLD met with representatives of Senator James Inhofe's office to discuss the situation. At this meeting, SLD presented for the first time additional reasons why funding had been denied. The additional reasons for denial can be summarized as follows: 1) MasterMind supplied the RFP's used by many schools, which gives an appearance of a pre-existing condition; 2) MasterMind signed some of the Form 470s; and, 3) MasterMind provided identical RFP's which were flawed on their face. Even assuming these after-the-fact rationalizations can be considered official reasons for the denial of the funding, they are meritless.

13. In response to point number one above, MasterMind submits that supplying RFPs to the School Districts does not violate any FCC rule or SLD publication. Further, the appearance of a pre-existing relationship does not violate any bidding requirement. In fact, pre-existing contractual relationships are contemplated in the FCC rules. See Order, In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, 1999 WL 680424 (rel. Sept. 1, 1999). Finally, to disqualify a funding request because of the appearance of a pre-existing relationship would disqualify every funding application for contracts between school districts and vendors who provided eligible services in prior years. Such a ludicrous result was never contemplated in the FCC rules, or the federal act.

14. In response to point number two above, not one of the 149 applications that were denied funding by the SLD was signed by a representative of MasterMind.

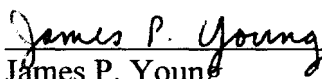
15. In response to point number three above, the Form 470s were properly completed, consistent with the requirements set out in 47 C.F.R. § 54.504(b)(1), and the sample forms posted on the SLD web site, and MasterMind demands strict proof that the Form 470s were deficient in any manner. MasterMind finds it curious that SLD makes this statement at the last hour, for the first time, without any proof or justification, and contrary to SLD's stated position in the receipt letters mailed to the School Districts.


D. Statement of Relief Sought

1. MasterMind seeks review of the denial by the SLD for the funding of the 149 applications submitted by the School Districts and that the School Districts are entitled to full funding of the eligible services set forth in the applications.

Relief is sought pursuant to Sections 1-4 and 254 of the Communications Act of 1939, as amended, 47 U.S.C. §§ 151-154 and 254 and 47 C.F.R. §§ 54.704, 54.719, and 54.722.

Respectfully submitted,


James P. Young
SIDLEY & AUSTIN
1772 Eye Street N.W.
Washington, D.C. 20006
Telephone: (202) 736-8677


Marc Edwards, OBA #10281
PHILLIPS McFALL McCAFFREY
McVAY & MURRAH, P.C.
One Leadership Square, 12th Floor
211 North Robinson
Oklahoma City, Oklahoma 73102
Telephone: 405-235-4100
Facsimile: 405-235-4133

Attorneys for MasterMind

December 16, 1999.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above and foregoing instrument was mailed postage prepaid thereon and by certified mail this _____ day of December, 1999, to:

Administrator
Universal Services Administrative Co.
c/o Ellen Wolfhagen
Counsel
USAC/Schools and Libraries Division
2120 L Street, N.W., Suite 600
Washington, D.C. 20037

MARC EDWARDS
Marc Edwards

Before the Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Request for Review) CC Docket No. 96-45
of the Decision of the)
Universal Service Administrator by) CC Docket No. 97-21
MasterMind Internet Services, Inc.)

AFFIDAVIT OF CHRIS WEBBER

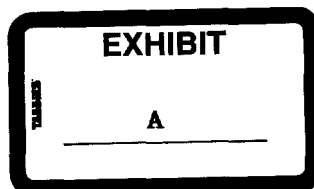
STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

Chris Webber, being first duly sworn, upon oath, states:

1. I am Chris Webber, director of E-Rate Services for MasterMind Internet Services, Inc. ("MasterMind"). I have reviewed the documents and information in this matter and attest to its truth, and am authorized to execute this Affidavit on behalf of MasterMind.

2. MasterMind has provided for the past three years internet and non-telecommunication services to numerous school districts in the State of Oklahoma under the universal service program of the Federal Telecommunications Act.

3. Starting on December 1st, 1998 and ending on March 9th, 1999, MasterMind assisted the school districts listed on Exhibit A-1 to this Affidavit ("School Districts") in their filing of FCC "Form 470" with the School and Libraries Division ("SLD") of the Universal Service Administrative Company. Chris Webber was listed as a contact person on the Form 470s.



4. At no time did anyone at MasterMind either sign the Form 470 or complete the Form 470 for the School Districts.

5. In January of 1999, after the Form 470s were filed by the School Districts, SLD sent to the School Districts a "Receipt Acknowledgement Letter" that stated among other things, that the SLD had received "your properly completed FCC Form 470." A sample letter received by all of the School Districts from the SLD is attached as Exhibit A-2.

6. Between April 1st and April 6th, 1999, MasterMind entered into approximately 300 contracts with school districts in the State of Oklahoma to provide E-rate eligible telecommunication and non-telecommunication services and products.

7. Upon execution of the contracts with MasterMind, the School Districts submitted to the SLD the FCC "Form 471" for approval of the funding for eligible services provided by MasterMind. the deadline for filing the Form 471s was April 6, 1999.

8. At no time did anyone at MasterMind either sign the Form 471, or complete the Form 471 for the School Districts.

9. On November 16, 1999, SLD notified the School Districts that the 149 applications for the funding of discounted eligible services provided by MasterMind had been denied for the stated reason: "The circumstances surrounding the filing of form 470 violated the intent of the competitive bidding process." A sample copy of the denial notice sent to all of the School Districts is attached as Exhibit A-3.

10. Based upon my conversation with David Gorbanoff of the program integrity team of SLD, in early September, 1999, I was led to believe that the reason for the denial of funding was because my name was listed by the School Districts as a contact person on the Form 470.

11. On September 16th through September 17th, 1999, I attended a vendor training session sponsored by SLD in Chicago, Illinois. At this training session, I received a draft SLD publication entitled "Form 470 Pitfalls." A copy of this draft publication is attached as Exhibit A-4.

12. On November 11, 1999, SLD posted on its web site a document entitled "Pitfalls to Avoid When Filing the Form 470."

13. Further clarification of SLD's position was provided by Kate Moore, President of the Schools and Libraries Division, and Ellen Wolfhagen, General Counsel of the Schools and Libraries Division on November 19th, 1999 in a meeting in Washington, D.C. with Senator Jim Inhofe's office, a summary of which is attached as Exhibit A-5.

14. MasterMind did not have a pre-existing contractual relationship with all of the School Districts.

15. MasterMind is not seeking a review of the applications in which it signed any Form 470s.

16. MasterMind did not provide identical requests for proposal documents.

17. MasterMind was never informed by SLD of any of the alleged problems with the submitted Form 470s as set forth in Exhibit A-5.

18. At no time during the bidding process was a vendor denied a request for proposal of a school district or any other requested information or access to any of the School Districts.

Further Affiant sayeth not.



Chris Webber

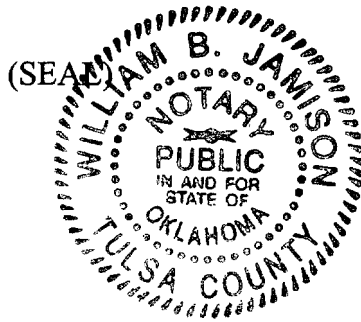
Subscribed and sworn to before me this 6th day of December, 1999, by Chris Webber.



Notary Public

My Commission Expires:

My Commission Expires 7-21-2001



Y2 Funding Summary

Run date 12/7/99

Page 13/19

16AM

Dec 7

Sent By: MASTERMIND INTERNET;

School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
Kramer Hillsdale Public Schs App # 146657	Edumaster.net FRN # 239313	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.66
Kalamazoo Indep School Dist 6 App # 147164	Edumaster.net FRN # 241319	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.83
Commerce Public Schools App # 148820	Edumaster.net FRN # 248131	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.87
Forest Grove School District App # 146994	Edumaster.net FRN # 240675	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Wells School District 68 App # 146728	Edumaster.net FRN # 239469	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Darlington School District 70 App # 146725	Edumaster.net FRN # 239466	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90

EXHIBIT

A-1

Y2 Funding Summary

Run date 12/7/98

9:17AM;

Dec-7-99

918 7430204;

Sent By: MASTERMIND INTERNET;

School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
Minco Indep School District 2	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.66
App # 146636	FRN # 239358						
Blue Jacket Indep Sch Dist 1020	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.75
App # 146660	FRN # 245144						
Bulmer Indep School Dist 15	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.85
App # 148038	FRN # 244971						
Gum Springs School District 69	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
App # 148058	FRN # 245057						
Lowney School District 10	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.00	.80
App # 147173	FRN # 241317						
Schaffer Indep School Dist 6	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
App # 148042	FRN # 244970						
Boone Apache Indep Sch Dist 56	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.86
App # 147160	FRN # 241330						
Keystone School District 15	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$76,839.60	.80
App # 147165	FRN # 241347						
Oak Grove School District 104	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.70
App # 147196	FRN # 241449						
Quapaw Indep School Dist 14	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
App # 147198	FRN # 241426						
Quinton Indep School Dist 17	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.87
App # 147191	FRN # 241418						
Webbers Falls School Dist 16	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
App # 147408	FRN # 242363						
Wetumka Indep School Dist 5	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
App # 146889	FRN # 240054						

Y2 Funding Summary

Run date 12/7/99

9:18AM;

Dec-7-99

918 7430204;

Sent By: MASTERMIND INTERNET;

School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
Grant Indep Elem School App # 147208	Edumaster.net FRN # 241459	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Justus-Tawah School Dist 9 App # 147201	Edumaster.net FRN # 241485	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.50
Maple School District 162 App # 147206	Edumaster.net FRN # 241509	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.60
Maryetta School District 22 App # 147216	Edumaster.net FRN # 241569	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Mason Indep School District 2 App # 147217	Edumaster.net FRN # 241538	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Milfay School District 1 App # 146726	Edumaster.net FRN # 239472	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Olive Indep School District 17 App # 147203	Edumaster.net FRN # 241524	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
Picher-Cardin Ind Sch Dist 15 App # 146716	Edumaster.net FRN # 239431	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.87
Pleasant Grove School Dist 05 App # 146689	Edumaster.net FRN # 239385	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Pretty Water School Dist 34 App # 146651	Edumaster.net FRN # 239251	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.60
Prue Indep School District 50 App # 146656	Edumaster.net FRN # 239282	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.77
Ringling Indep Sch District 14 App # 147233	Edumaster.net FRN # 241583	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
Konawa Indep School District 4 App # 147209	Edumaster.net FRN # 250243	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.78

Y2 Funding Summary

Run date 12/7/99

Page 16/19

Dec-7-99 9:19AM;

918 7430204;

Sent BY: MASTERING INTERNET;

School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost	Dis %
Zanes School District 72	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.80
App # 146155	FRN # 245637							
Tulsa Indep School Dist 97	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.50		.57
App # 147395	FRN # 242311							
Early Indep School Dist 132	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.80
App # 146985	FRN # 240599							
Leach School District 14	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.90
App # 146655	FRN # 239283							
Pawhuska Indep School Dist 2	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.77
App # 146699	FRN # 239357							
White Rock Schools	Edumaster.net	Telco Svc	11-9-99	No	\$0.00	\$38,419.80		.80
App # 147414	FRN # 242776							
Royal School District 3	Edumaster.net	Telco Svc	11-23-99	No	\$0.00	\$38,419.80		.90
App # 148171	FRN # 245685							
Skiatook Indep School Dst 7	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.57
App # 147344	FRN # 241969							
Preston School	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.76
App # 145902	FRN # 236420							
Watts School District 4	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.90
App # 146883	FRN # 241235							
Osage School District 43	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.70
App # 147215	FRN # 241511							
Brynton-Moton Indep Sch Dist 4	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.90
App # 147180	FRN # 241405							
Locke-Sickles School Dist 12	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80		.83
App # 147171	FRN # 245838							

Y2 Funding Summary

Run date 12/7/99

Page 17/19

Dec-7-99 9:20AM;

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School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
Cave Springs School Dist 30 App # 147390	Edumaster.net FRN # 242299	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.84
Maysville Indep School Dist App # 145908	Edumaster.net FRN # 236469	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.77
Catoosa Indep School Dist 2 App # 147337	Edumaster.net FRN # 241928	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.61
Mountain View-Gatebo Dist 003 App # 146723	Edumaster.net FRN # 239455	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
Turner Indep School Dist 5 App # 147396	Edumaster.net FRN # 242319	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.77
Green Country Voc-Tech App # 146732	Edumaster.net FRN # 239503	Telco Svc	11-23-99	No	\$0.00	\$38,419.80	.90
Morrison Public Schools App # 146744	Edumaster.net FRN # 239527	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Cordell Indep School Dist 78 App # 146731	Edumaster.net FRN # 239500	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.78
Riverside School District 29 App # 148041	Edumaster.net FRN # 282561	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.60
Zion School District 28 App # 148156	Edumaster.net FRN # 245645	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
Duke Public School Dist 1-14 App # 146661	Edumaster.net FRN # 239314	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.74
El Dorado Indep School Dist 25 App # 146983	Edumaster.net FRN # 240600	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
Lone Star School District 8 App # 147166	Edumaster.net FRN # 241348	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.60

Y2 Funding Summary

Run Date: 12/7/99

Page 18/19

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School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
McLeod Public Schools	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.74
App # 147207	FRN # 241492						
Waverly Indep Sch District 115	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
App # 147316	FRN # 241840						
Indianola Indep School Dist 25	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.76
App # 147340	FRN # 242001						
Union City Indep Sch Dist 57	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$76,839.60	.56
App # 148031	FRN # 244929						
Twin Hills School District 11	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
App # 148030	FRN # 244908						
Olushee Indep School Dist 35	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.87
App # 147214	FRN # 241510						
Okmulgee Indep School Dist 1	Edumaster.net	Telco Svc	11-23-99	No	\$0.00	\$38,419.80	.79
App # 147236	FRN # 241603						
Afton Indep School District 26	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.77
App # 147472	FRN # 242761						
Binger-Oney School Dist 168	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.83
App # 146683	FRN # 239338						
Dewar Indep School District 8	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.90
App # 146734	FRN # 239541						
Life Christian School	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.40
App # 148154	FRN # 245609						
Miami Indep School District 23	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.74
App # 146737	FRN # 239557						
Welchka Indep School Dist 31	Edumaster.net	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.85
App # 146887	FRN # 292591						

Y2 Funding Summary

Run date 12/7/99

Page 19/19

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School Name	Service Provider	Svc Ordered	FCL Date	Fully funded Yes/No	Funded Amt	Pre Disc Cost	Modified Prediscount cost Dis %
Henryetta Public Schools App # 147343	Edumaster.net FRN # 241960	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.77
Macomb Indep School District 4 App # 146884	Edumaster.net FRN # 240014	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.80
Owasso Indep School Dist 11 App # 147213	Edumaster.net FRN # 284115	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.42
Davis Indep School District 10 App # 146724	Edumaster.net FRN # 239505	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.74
Depew Public Schools App # 146757	Edumaster.net FRN # 239643	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.72
Fletcher Indep School Dist 9 App # 146659	Edumaster.net FRN # 239304	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.71
Sallisaw Indep School Dist 11 App # 148037	Edumaster.net FRN # 244947	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.73
Marietta Indep Sch District 16 App # 147210	Edumaster.net FRN # 241551	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.71
Velma Alma Indep Sch Dist 15 App # 148035	Edumaster.net FRN # 244955	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.71
Yale Public Schools App # 147319	Edumaster.net FRN # 241863	Telco Svc	11-16-99	No	\$0.00	\$38,419.80	.75

Entries This Report 231

Total Funded Amt \$0.00

Total Pre Discount Cost \$12,190,367.09

USAC

UNIVERSAL SERVICE
ADMINISTRATIVE CO.

SCHOOLS AND LIBRARIES DIVISION
Box 125 - Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

GRANITE INDEP SCHOOL DIST 3
CHRIS WEBBER
1217 E 48TH ST
TULSA OK 74105-4701

October 26, 1999

Re: Form 471 Application Number: 152472
Funding Year: 07/01/1999 - 06/30/2000
Billed Entity Number: 139902

Thank you for your 1999-2000 E-rate application and for any assistance you provided throughout our review. We have completed processing of your Form 471. This letter is to advise you of our decisions.

FUNDING COMMITMENT REPORT

From your Form 471, we reviewed row-by-row discount requests in Items 15 and 16. We assigned each row a Funding Request Number (FRN). On the pages following this letter, we have provided a Funding Commitment Report for each FRN in your application.

Attached to this letter you will find a guide that defines each line of the Funding Commitment Report and a complete list of FRNs from your application. The SLD is also sending this information to your service provider(s) so arrangements can be made to begin implementing your E-rate discount(s). We would encourage you to contact your service providers to let them know your plans regarding these services.

FOR QUESTIONS

If you have questions regarding our decisions on your E-rate application, please notify us in writing. Your questions should be sent to: Questions, Schools and Libraries Division, Universal Service Administrative Company, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981.

FOR APPEALS

If you wish to appeal to the SLD, your appeal must be made in writing and received by us within 30 days of issuance of this letter as indicated by its postmark. In your letter of appeal, please include: correct contact information for the appellant, information on the Funding Commitment Decision you are appealing and the specific Funding Request Number in question, and an original authorized signature. Appeals sent by fax, e-mail or phone call cannot be processed. Please mail your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. You may also call our Client Service Bureau at 888-203-8100. While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC): FCC, Office of the Secretary, 445 12th Street SW, Room TW-A 325, Washington, D.C. 20554.

NEXT STEPS

Once you have reviewed this letter and have determined that some or all of your requests have been funded, your next step is to complete and submit the enclosed FCC Form 486. This Form notifies the SLD that you are currently receiving or have begun receiving services approved for discounts and provides certified indication that your technology plan(s) has been approved. As you complete your Form 486, you should also contact your service provider to verify they have received notice from the SLD of your commitments. After the SLD processes your Form 486, we can begin processing invoices from your service provider(s) so they can be reimbursed for discounted services they have provided you. For further detailed information on next steps, please review all enclosures.

EXHIBIT

A-2

Granite

FUNDING COMMITMENT REPORT FOR APPLICATION NUMBER: 0000152472

Funding Request Number: 0000264662 Funding Status: Unfunded or Denied
SPIN: 143006149 Service Provider Name: Edumaster.net, LLC dba Mastermind Learning Ce
Provider Contract Number: 200128
Services Ordered: Internal Connections (Shared)
Earliest Possible Effective Date of Discount: 07/01/1999
Contract Expiration Date: 06/30/2000
Pre-discount Cost: \$103,950.00
Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Bidding Violation
Funding Commitment Decision Explanation: The circumstances surrounding the filing of
the form 470 associated with this funding request violated the intent of the bidding
process.

EXHIBIT

A-3

BOB ANTHONY
Commissioner

DENISE A BODE
Commissioner

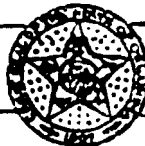
ED APPLE
Commissioner

OKLAHOMA
CORPORATION COMMISSION

P.O. BOX 52000-2000
OKLAHOMA CITY, OKLAHOMA 73152-2000

400 Jim Thorpe Building
Telephone: (405) 521-2255
FAX: (405) 521-4150

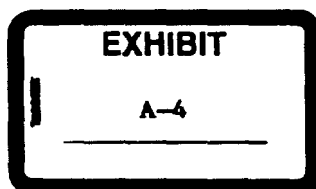
Office of General Counsel



William R. Burkett, General Counsel

DATE: August 31, 1999
TIME: 9:30 a.m.
ADDRESSEE: Marc Edwards
COMPANY:
FAX NUMBER: 235-4562
FROM: Elizabeth Ryan
NUMBER OF PAGES NOT INCLUDING COVER SHEET: 2
MESSAGE:

The information contained in this facsimile transmission, including the cover message and all accompanying pages, is privileged and confidential. If you are not the intended recipient of this facsimile transmission, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this facsimile transmission is strictly prohibited and unauthorized. If you have received this transmission in error, please immediately notify us by telephone, and we will make arrangements for the destruction or return to us of this transmission. Thank you.



BOB ANTHONY
Commissioner

DENISE A. BODE
Commissioner

ED APPLE
Commissioner

**OKLAHOMA
CORPORATION COMMISSION**

P.O. BOX 52000-2000
OKLAHOMA CITY, OKLAHOMA 73152-2000

400 Jim Thorpe Building
Telephone: (405) 521-2255
FAX: (405) 521-4150

Office of General Counsel



William R. Burkett, General Counsel

Mr. Marc Edwards
Phillips McFall McCaffrey McVay & Murrah, P.C.
Attorneys at Law
Twelfth Floor
One Leadership Square
211 North Robinson
Oklahoma City, Oklahoma 73102

Re: MasterMind Learning Center

Dear Mr. Edwards:

You have inquired as to whether providing a distance learning service over the internet is regulated by the Oklahoma Corporation Commission. Based on our conversations, it is my understanding that MasterMind Learning Center is a common carrier which provides services only over the internet, and that MasterMind is not presently offering any of the telecommunication services provided by either local exchange or interexchange carriers. Further, it is my understanding that MasterMind is not presently providing access to the internet and will not seek reimbursement from the Oklahoma Universal Service Fund for 56K lines.

It is our opinion that the provision of distance learning services over the internet on a common carrier basis to the general public is a service that is not regulated by the Oklahoma Corporation Commission. However, prior to offering any telecommunication service provided by local exchange or interexchange carriers, such as access, MasterMind must obtain a Certificate of Convenience and Necessity from the Oklahoma Corporation Commission.

I hope this information is helpful to you. If you have any additional questions, or we can be of any further help, please let me know.

Very truly yours,

A handwritten signature in cursive script that reads "Elizabeth Ryan".

Elizabeth Ryan,
Assistant General Counsel